

Message Text

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16

ORIGIN NEA-12

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 USIA-15

PRS-01 /163 R

DRAFTED BY NEA/INS:LBLAINGEN:AM

APPROVED BY P:MR. SISCO

NEA:SSOBER

S/S: MR. LUERS

----- 015161

R 230026Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO

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E.O. 11652: N/A

TAGS: FOR, ENRG, CE

SUBJ: CALL ON UNDER SECRETARY SISCO BY CEYLON
AMBASSADOR

1. SUMMARY: AMBASSADOR KANAKARATNE AND COUNSELOR
DE ALWIS CALLED ON UNDER SECRETARY SISCO FEBRUARY 21 TO
DELIVER LETTER FROM PM BANDARANAIKE ON UPCOMING
CEYLON AID GROUP MEETING. KANAKARANTE ALSO DISCUSSED CRUDE
OIL SITUATION. SISCO BRIEFLY REVIEWED MIDDLE EAST OUT-
LOOK. LAINGEN SAT IN. END SUMMARY.

2.KANAKARATNE DESCRIBED BANDARANAIKE LETTER ON AID AS
USUAL TYPE OF LETTER SENT TO ALL MEMBERS SRI LANKA AID
GROUP PRIOR TO ITS ANNUAL SESSION. HE SAID SESSION
TENTATIVELY SCHEDULED FOR APRIL 7-10 BUT COULD SLIP INTO
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FIRST WEEK OF MAY.

3. KANAKARATNE EXPRESSED HOPE USG WOULD BE HELPFUL ON AID, ALTHOUGH HE FULLY APPRECIATIVE MANY PROBLEMS FACING USG. ECONOMIC SITUATION IN SRI LANKA REMAINED DIFFICULT AND WAS NOW FURTHER THREATENED BY ENERGY CRISIS. RESULT WAS THAT PRICE OF ESSENTIAL COMMODITY SUCH AS KEROSINE HAD DOUBLED. BUS FARES HAD DONE SAME. NONETHELESS, HIS GOVERNMENT DETERMINED MAINTAIN MOMENTUM OF ITS ECONOMIC REFORM MEASURES AND HE WAS ENCOURAGED BY WHAT HE EXPECTED TO BE FAIRLY SYMPATHETIC IBRD REPORT TO BE PUBLISHED PRIOR TO AID

GROUP MEETING. SISCO NOTED WE WOULD BE VERY INTERESTED IN THAT REPORT AND OBVIOUSLY IF BANK WAS ENCOURAGED THIS WOULD ALSO BE HELPFUL FOR US. KANAKARATNE THEN REVIEWED IMPACT OF ENERGY CRISIS ON SRI LANKA AFTER CONCURRING WITH SISCO'S OBSERVATION THAT HE THOUGHT SECRETARY KISSINGER HAD EXPRESSED VERY FORCEFULLY DURING WASHINGTON ENERGY CONFERENCE THE NATURE OF PROBLEMS FACING THE DEVELOPING COUNTRIES BECAUSE OF THE ENERGY CRISIS. KANAKARATNE SAID VARIOUS DELEGATIONS DESPATCHED BY COLOMBO TO OIL PRODUCING COUNTRIES HAD GOTTEN EXPRESSIONS SYMPATHETIC UNDERSTANDING BUT NOTHING PRACTICAL YET IN TERMS COMMITMENTS. HE WAS FRANKLY DISAPPOINTED BY ATTITUDE OF PRODUCING COUNTRIES; PICTURE WAS NOT A ROSY ONE FOR SRI LANKA, WITH MORE THAN HALF ITS FOREIGN EXCHANGE EARNINGS LIKELY TO GO FOR OIL AND LEAVING LITTLE FOR FOOD AND ESSENTIAL RAW MATERIALS.

4. SISCO ASKED WHAT HAD COME OF THE AMBASSADOR'S EFFORTS TO OBTAIN DELIVERY COMMITMENTS OF UP TO 1.5 MILLION TONS CRUDE FROM US COMPANIES. KANAKARATNE SAID THAT COMPANIES STILL CONSIDERING REQUEST, NOTING HEAVY COMMITMENTS AND TIMING PROBLEMS. SISCO SAID HE WOULD INQUIRE OF COMPANIES HOW THEY SAW SITUATION.

5. SISCO LATER CALLED AMEEN OF ARAMCO AND TOLD HIM OF AMBASSADOR'S REQUEST AND ASKED IF THERE WAS ANYTHING ARAMCO COULD DO. AMEEN SAID HE WOULD CHECK AND LATER LAVERY OF CALTEX CALLED AND SAID CALTEX WILL SUPPLY 300,000 BARRELS PER MONTH OF SAUDI LIGHT CRUDE AT LIMITED OFFICIAL USE

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93 PERCENT POSTED PRICE TO SRI LANKA. THIS WOULD CONSEQUENTLY MEET SRI LANKA'S REQUIREMENTS OF 1.5 MILLION TONS PER YEAR. SRI LANKA MUST SUPPLY TANKERS TO CARRY OIL. LAVERY ADDED STANDARD CAVEAT THAT DELIVERIES OBVIOUSLY DEPEND ON NO DRASTIC CUT IN PRODUCTION LEVELS. SISCO CALLED KANAKARATNE AND INFORMED HIM OF CALTEX DECISION. AMBASSADOR WAS VERY PLEASED AND SAID HE WOULD INFORM COLOMBO. RUSH

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To: COLOMBO
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